

From: John.Hanlon@sothebysinternationalrealty.com
[mailto:John.Hanlon@sothebysinternationalrealty.com]
Sent: Friday, November 04, 2005 1:59 PM
To: ATR-Real Estate Workshop
Subject: "Competition and the Real Estate Workshop" -- Comment, Project
No . V050015

To whom it may concern,

With reference to: "Competition and the Real Estate Workshop" -- Comment,
Project No. V050015

The real estate industry is a highly competitive business with enormous, if not overwhelming public access to information. If you doubt this at all run an internet search for "real estate in (your town or county)" and look at how many pages come up! Look in any newspaper and see the real estate offices, agents, and related real estate services that advertise there.

The Internet has changed but not diminished the role real estate brokers play in helping buyers close real estate transactions successfully. 75% of buyers today use the Internet to search for homes, and those using the Internet are more likely to work with a professional. Buyers use professionals because that the hardest task in today's market is not to locate the property but to negotiate a successful purchase agreement with sellers who frequently receive multiple offers often exceeding list price and then bring the transaction to a successful close. Buyers also have to deal with title insurance and inspections for radon, mold, structural issues, roofing, septic & wells (in some areas), plus access issues, flooding, home insurance and many other issues. Realtors are an excellent source for assistance in these issues.

Providing buyers with information about the properties that are for Real estate is a highly competitive industry. If you doubt it just do an sale, usually by consulting one of the nation's 900 multiple listing services, is just one of the services real estate professionals provide at their own expense. Once buyers identify the house they want to buy, they must be able to successfully negotiate a contract. If they are successful in getting their offer accepted, many other services are required in order to close the transaction.

Without the MLS, it would be far less efficient--and therefore more time-consuming and costly--for buyers to be able to learn about all the properties available for sale in a given market.

Lawrence Yun, a senior economist at NAR, said that real estate customers are free to choose from nearly 80,000 real estate brokerages and more than 2 million real estate licensees, about 1.2 million of whom are Realtors, who abide by the strict Realtor® Code of Ethics, and are members of NAR.

America's real estate industry is one of the most competitive business environments in the world, characterized by low barriers to entry, intense personal client service and a results-based compensation structure..

"Competition is fierce. Today's consumer is bombarded with choices on television, radio, newspapers, and the Internet. They are enticed by offers of flat fees, rebates, and other incentives. In fact, discount brokerages are doing very well in today's real estate marketplace," he said. He said that average real estate commission, as computed by Real Trends, have dropped from

5.5% in 1998 to 5.1% in 2003. One concern of many agents is that the Internet based offices only provide redundant marketing. The "agent behind this new marketing is not informed about the listed property, about mold, radon or ethics. They are just getting the way of a transaction dollar with their hand out and driving up the costs of doing business, without contributing a single thing of value to buyer or seller.

Researchers at Pennsylvania State University that found that consumers in 12 residential real estate markets have more information, demand more services, and have more agents and business models to choose from than ever before. The study, undertaken by Professor Steve Sawyer, suggested that increased consumer access to real estate information online is redefining how consumers engage real estate services and may be contributing to the growth of real estate markets and a high level of competition. Potential sellers are more knowledgeable about property values, alternatives and service options.

Access to multiple listing service data may be creating better consumers who demand more of their real estate agents and other value-adding service providers.

Thank you for your consideration.

Sincerely,

John Hanlon

VP, Teton Board of Realtors

Jackson Hole, WY